




OFFICE OF THE
ATTORNEY GENERAL OF TEXAS

Grant Financial Management and Monitoring

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Grant Financial Management
(Slide 1 of 2)

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Grant Financial Management
(Slide 2 of 2)

- ▶ Grantee has a fiduciary responsibility for the grant.
- ▶ Office of the Attorney General (OAG) has oversight to see that grant projects operate:
 - Efficiently;
 - Effectively; and
 - In accordance with all laws, rules, regulations and guidelines that govern grants.



Grant Award

- ▶ Signed contract by the authorized official and the OAG contains:
 - Amount awarded for the biennium, and originally awarded budget categories;
 - Term of the contract; and
 - Any applicable special conditions.



Approved Budget

- ▶ Budget Categories
 - Personnel
 - Fringe benefits
 - Supplies
 - Travel
 - Equipment
 - Other Direct Operating Expenses (DOE)



Combined Reimbursement Form (Slide 1 of 4)

- ▶ Grant reimbursement forms are combined in an Excel workbook.
- ▶ Emailed to each grantee at the beginning of the fiscal year
 - Invoice
 - Financial Status Report (FSR)
 - Salary and Match Detail Report
 - Budgets



Combined Reimbursement Form (Slide 2 of 4)

► Invoice Form

- Invoice Number – what is used by your agency
- Date – date the invoice is mailed
- Agency Name – name of the agency
- Preparer's Name – individual who fills out the form
- Texas TIN – tax identifier
 - Vendor ID number – 14-digit number issued by the Comptroller
 - Federal ID Number – 9-digit Federal Tax Number
- Contract Number – number assigned by the OAG
- Amount – should match the amount requested on the FSR
- Signature – the individual authorized or designee



Combined Reimbursement Form (Slide 3 of 4)

► Financial Status Report (FSR)

- Reporting mechanism to capture monthly expenses
- Invoice should match the monthly total amount requested for reimbursement
- Budget adjustment or 10% budget modification on the right-hand side of the form indicates:
 - Original contract award amount
 - Increase or decrease on the budget category
 - FY 2014 operating budget
- Year-to-Date financial information provides:
 - YTD total
 - YTD balance



Combined Reimbursement Form (Slide 4 of 4)

► Salary and Match Detail Report

- Lists approved position
- Positions currently filled
- Hours worked on the grant
- Total amount must match the salary category on the FSR
- Month of service must match the invoice
- The form must be sent with invoice



Common Invoice / FSR / Salary Detail Errors (Slide 1 of 2)

- ▶ Unauthorized signatures
- ▶ Signature and date missing
- ▶ Salary detail does not match requested salary
- ▶ Requesting funds for un-awarded categories
- ▶ Changes to previous month's request
- ▶ Failure to send a FSR for each month when combining expenses on the invoice
- ▶ Negative balances without an explanation on the preparer's comments



Common Invoice / FSR / Salary Detail Errors (Slide 2 of 2)

- ▶ Use prior grant year invoice form
- ▶ Failure to designate an alternate person to sign
- ▶ Submitting invoice with prior year grant contract number
- ▶ Invoice is submitted incomplete
- ▶ TIN number is missing on the invoice
- ▶ Failure to send a FSR when there are no expenses to show "0"
- ▶ Budget adjustment not submitted and/or approved
- ▶ Failure to submit monthly invoices



Budget Adjustment

- ▶ Generally one budget adjustment per grant year
- ▶ Requires prior approval by the OAG
 - Adjustment of 10% or more
 - Move from one budget category to another budget category
 - Reallocate funds between line items
 - Adding new budget category
 - Move funds to a new budget category
 - Adding new line items
 - Personnel changes
 - Increase/decrease in hours worked
 - Eliminate/change the job function
 - Add a new position



Other Budget Changes

- ▶ Less than 10% budget modification
- ▶ Requires notification to the OAG before implementation
- ▶ Awarded funds are moved within or between approved budget categories or approved budget lines
 - Funds are allocated between approved line items within an approved budget category
 - Personnel modification due to change in job title, job function. Lapse salaries from termination/resignation.



Inventory Form

- ▶ Track tangible equipment having a useful life of more than one year.
 - Grantee name
 - Date prepared
 - Name of preparer
 - Type of grant
 - Date acquired and a brief description
 - Amount paid
 - Inventory number and location of the equipment
 - Authorized signature or designee



Submitting Requests for Reimbursement

- ▶ The Invoice Form, FSR and Salary and Match Detail Report must be mailed to:
 - Grants Administration Division
Office of the Attorney General - MC 005
P.O. Box 12548
Austin, Texas 78711-2548



Thank You!

- ▶ If you need any further information, contact your Financial Specialist:

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Grant Monitoring

Grant Monitoring

Terry McGee
Grants Fiscal Manager
Grants Administration



OAG's Requirements

- ▶ The OAG is required by federal/state regulations to monitor grantees to ensure compliance with the following:
 - Federal and/or state awards are used for authorized purposes
 - Compliance with laws, regulations (i.e., UGMS, OMB)
 - Provisions of contracts or grant agreements are achieved



Grantee's Requirements

- ▶ Some key areas that the OAG reviews for compliance include the following:
 - Federal and/or state awards are used for authorized purposes
 - Compliance with laws, regulations (i.e., UGMS, OMB)
 - Provisions of contracts or grant agreements are achieved
 - Segregation of duties / internal controls exist
 - Financial controls
 - Policies and procedures are in place and being followed
 - System to record and track expenditures for each grant
 - Expenditure reports reconciled monthly
 - Adequate supporting documentation
 - Filing and record retention system



Overview

- ▶ Criteria
- ▶ Types of monitoring and expectations
- ▶ Common findings
- ▶ Annual audit requirements
- ▶ Fraud, waste and abuse



Criteria

- ▶ Criteria
 - Federal standards
 - State standards
 - OAG standards



Grant Management Federal Standards (Slide 1 of 5)

- ▶ **Office of Management and Budget (OMB) – Administrative Circulars**
- ▶ OMB Circular A-110
 - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
- ▶ OMB Circular A-102
 - Grants and Cooperative Agreements with State and Local Governments



Grant Management Federal Standards (Slide 2 of 5)

- ▶ **Office of Management and Budget (OMB) – Cost Principles Circulars**
- ▶ OMB Circular A-21
 - Cost Principles for Educational Institutions
- ▶ OMB Circular A-87
 - Cost Principles for State, Local, and Indian Tribal Governments
- ▶ OMB Circular A-122
 - Cost Principles for Non-Profit Organizations



Grant Management Federal Standards (Slide 3 of 5)

- ▶ **Office of Management and Budget (OMB) – Audit and Sub-recipient Monitoring Circulars**
- ▶ OMB Circular A-133
 - Audits of States, Local Governments, and Non-Profit Organizations
 - A single audit is required if \$500,000 or more in federal or state expenditures.
 - Federal programs are listed in the Catalog of Federal Domestic Assistance (CFDA).
 - Audit period based on the organization's fiscal year.



Grant Management Federal Standards (Slide 4 of 5)

- ▶ Uniform Grant Management Standards (UGMS)
- ▶ Texas Administrative Code (TAC)
- ▶ T.A.C. § 60 – Texas Crime Victim Services Grant Programs
 - Provides OAG rules for Other Victim Assistance Grants (OVAG) and
 - Victim Coordinator/Liaison Grants (VCLG)
- ▶ T.A.C. § 62 – Sexual Assault Prevention and Crisis Services
 - Provides OAG rules for Sexual Assault Prevention and Crisis Services (SAPCS)



Grant Management Federal Standards (Slide 5 of 5)

- ▶ **Compliance with UGMS and the applicable OMB circulars**
 - Grantees must follow the guidelines in the Uniform Grant Management Standards (UGMS). Both governmental entities as well as non-profit entities are required to follow UGMS guidelines and/or applicable cost principles.
 - Grantees must be in compliance with all applicable federal/state statutes, regulations, policies, guidelines and requirements, including, but not limited to, UGMS as well as OMB Circulars No. A-21, A-110, A-122, A-128, A-87.



Types of Monitoring

- ▶ On-site monitoring visit – conducted by grant monitors at your organization
- ▶ Desk review – conducted by OAG grant staff
- ▶ Agreed upon procedures – conducted by an outside CPA firm at your organization
- ▶ Technical assistance visit – conducted by OAG grant monitors and/or grant managers at your organization



Grant Monitoring Expectations (Slide 1 of 2)

- ▶ OAG grant monitor will contact your organization about 30 days before engagement
- ▶ Engagement letter sent with date of engagement
- ▶ Information OAG will request to send in before the engagement:
 - Board meeting minutes for the past year
 - List of board members
 - By-laws
 - Organizational chart of the organization
 - Time sheets for personnel on OAG grants
 - General ledger for all expenditures tested
 - Internal Control Questionnaire (ICQ) – questionnaire regarding the internal controls



Grant Monitoring Expectations (Slide 2 of 2)

- ▶ Documents to have ready the day of the visit
 - Quarterly federal tax return (941)
 - Policies and procedures
 - Bank reconciliations
 - Personnel files
 - Supporting documentation for all non-payroll expenditures (include approval form, invoice and cleared checks)



Top 10 Common Findings

1. Time sheets do not match hours reported on FSR.
2. Personnel files were missing up-to-date evaluations, acknowledgement of personnel policies, or job descriptions.
3. Time sheets missing employee/supervisory signature and/or date.
4. Time sheets are not signed "after-the-fact."
5. Time sheets do not show the time worked for each funding source.
6. Executive director's time sheet was not approved by board.
7. General ledger does not reconcile with expenditures.
8. Grantee expense items not on approved budget.
9. Missing supporting documentation or inadequate documentation for expenditures
10. Failure to follow organization's policy and procedures



Audit Requirement

- ▶ An annual independent financial audit is a requirement for this OAG grant, which may include:
 - A financial audit only, or
 - A financial audit with a single audit (compliance audit).
- ▶ The audit shall meet OMB Circular A-133 and UGMS requirements.
- ▶ Additionally, the annual independent financial audit shall meet Generally Accepted Government Accounting Standards (GAGAS) in the event a Single Audit is not required.
- ▶ The annual independent financial audit is due within nine months of the end of the fiscal year of the agency or within 30 days of completion of audit, whichever is earlier.



Fraud, Waste and Abuse (Slide 1 of 5)

- ▶ Definition of fraud
 - Intentional deception or misrepresentation that an individual knows to be false or does not believe to be true, when that individual knows that the deception could result in some unauthorized benefit to himself or herself or some other person
 - Deliberate misuse or misapplication of resources
- ▶ Examples of fraud
 - Requesting or attempting to request reimbursement for travel that did not occur
 - Falsifying a time sheet or a billing statement or any other document to benefit one's self or your agency



Fraud, Waste and Abuse (Slide 2 of 5)

- ▶ Definition of waste
 - Waste amounts to the extravagant, careless, or needless expenditure of resources.
 - Waste could result from deficient practices, defective system controls, or imprudent decisions.
- ▶ Examples of waste
 - Authorizing unnecessary or extravagant expenditures
 - Engaging in excessive and unnecessary work travel



Fraud, Waste and Abuse (Slide 3 of 5)

- ▶ Definition of abuse
 - Incidents or practices that are inconsistent with sound business or fiscal practices
 - These practices may directly or indirectly result in unnecessary costs to the program, improper payment, or payment for services that are not necessary.
 - Abuse of authority – employees must not misuse their title, position, or authority to obtain a personal benefit.
- ▶ Examples of abuse
 - Improper charging of services or payroll
 - Improperly disclosing confidential information to which one has access
 - Forcing or trying to force a subordinate to commit an act that one knows is illegal



Fraud, Waste and Abuse (Slide 4 of 5)

- ▶ Common grant fraud scenarios
 - Charging personal expenses as business expenses against the grant
 - Charging for costs which have not been incurred or are not attributable to the grant
 - Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors, or consultants)



Fraud, Waste and Abuse (Slide 5 of 5)

- ▶ Detect and Prevent Fraud
 - ▶ Establish an adequate and effective system of accounting, internal controls, records control, and records retention.
 - ▶ Implement an internal compliance and ethics program that encourages the recognition and reporting of fraud, waste, or abuse.
 - ▶ Report suspected fraud to your OAG grant manager, GAD management, or the Texas State Auditor's Office at <http://sao.fraud.state.tx.us/> or SAO Hotline at (800) TX-AUDIT (892-8348).

Grant Fraud: National Procurement Fraud Task Force



Helpful Websites (Slide 1 of 2)

- ▶ Texas Administrative Code (TAC)
 - <http://info.sos.state.tx.us/pls/pub/>
- ▶ Uniform Grant Management Standards (UGMS)
 - <http://governor.state.tx.us/files/state-grants/UGMS062004.doc>
- ▶ Office of Management and Budget (OMB) Circular Index
 - http://www.whitehouse.gov/omb/circulars_default
- ▶ Council on Financial Assistance Reform (COFAR)
 - <http://www.CFO.gov/COFAR/>



Helpful Websites (Slide 2 of 2)

- ▶ Crime Victim Services – Grants Administration
 - <http://www.oag.state.tx.us/victims/grants.shtml>
- ▶ Catalog of Federal Domestic Assistance
 - <https://www.cfda.gov/>
- ▶ Texas Comptroller of Public Accounts
 - <http://www.window.state.tx.us/>



Contact Information

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